

**Cal eConnect Board Meeting**  
**April 8, 2010 8am – 10am**

---

**AGENDA**

- 8:00 – 8:05 Welcome and update Don Crane  
Approval of 3/25/2010 Board meeting minutes – Attachment 1
- 8:05 – 8:20 Board business – Action Required
- Review and Approval of By-Laws - Attachment 2 Don Crane
  - Election of interim Co-CEO and CFO Don Crane
  - CEO Search Process – Attachment 3 David Lansky
- 8:20 – 8:40 Rural Health Information Technology Consortia (RHITC) Lynn Barr  
Attachment 4
- 8:40 – 9:15 State Planning Grant Submission – Attachment 5 David Lansky
- 9:15 – 9:35 Agreements to support execution of planning grant Don Crane
- a. PBGH Shared Resources – Attachment 6
  - b. California eHealth Collaborative (CAeHC) – Attachment 7
- 9:35 – 9:45 Proposed resolution – Attachment 8– Action Required Don Crane
- 9:45 – 9:50 Future Meeting Schedule David Lansky  
Executive Session – TBD Week of May 10<sup>th</sup> – CEO decision
- 9:50 – 10:00 General Discussion/Public Comment

Attachment 1  
**Cal eConnect Board Meeting Minutes**  
**March 25, 2010, 1-3 PM**

---

Attendees:

*Board*

Don Crane (Co-chair)  
David Lansky (Co-chair)  
Bill Beighe  
Brennan Cassidy, MD  
Marge Ginsburg  
Ron Jimenez, MD  
David Joyner  
Howard Kahn – via phone  
Tom Priselac

*Staff*

Alana Ketchel (Cal eConnect)  
Cathie Markow (Cal eConnect)  
Leesa Tori (Cal eConnect)

*Guests*

Lisa Folberg (CMA)  
Eric Gorovitz, Legal

A special meeting of the Board of Directors of Cal eConnect was held at 221 Main Street, Suite 1500, San Francisco, CA on March 25, 2010. A quorum for the transaction of business was present at all times. Don Crane called the meeting to order.

Mr. Crane reported that the corporation's Articles of Incorporation were filed by the incorporators in the office of the Secretary of State of California on March 15, 2010. In addition, the incorporators have executed an Action of Incorporators dated March 25, 2010, appointing the initial directors of the corporation.

The Board met in closed session in order to complete the following board actions:

**Board Actions**

1. Executive Committee

A motion was made to form an Executive Committee of David Lansky, Don Crane and David Joyner. Marge Ginsburg seconded the motion. The motion was unanimously approved with David Joyner abstaining.

- It was agreed that any substantive decisions will come to the full Board during the 90-day planning period.
- David Lansky may need to recuse himself from decisions related to the resource sharing agreement between PBGH and Cal eConnect

2. Elect Officers

Tom Priselac nominated Don Crane as President of the Board and David Lansky as secretary/treasurer. Ron Jimenez seconded the motion. The motion passed with unanimous approval.

3. Bank Account Resolution

The Board provided unanimous approval for the Executive Committee to open a Cal eConnect bank account at a bank to be determined in San Francisco. The board incorporated in such approval the standard form bank resolutions required to establish such an account.

Don Crane, President and David Lansky, Secretary/Treasurer were each authorized to act as sole signatories on the accounts for amounts up to and including \$10,000; any withdrawal or other debit in excess of that amount shall require the signatures of both individuals.

#### 4. Articles of Incorporation and Name Change

The Articles of Incorporation were filed under the name of HIE-GE requiring an amendment to reflect the actual name of Cal eConnect. The Board resolved that counsel is authorized to file an amendment to the Articles to change the name to Cal eConnect.

#### **Other Discussion**

Future Board Meeting Dates – the board requested that future meetings be held at a location near an airport.

The Project Charter and Organizational Chart will be sent to board members as requested.

The role of public workgroups was discussed. The plan on how to interface with the public workgroups will be developed during the 90-day planning period. The workgroups are on a break during the month of April but will likely be reconvened.

-- PUBLIC MEETING COMMENCES at 1:30 PM --

The co-chairs, David Lansky and Don Crane welcomed the public and introduced the board members.

David Lansky provided an overview of the Operational Plan. The discussion included the following comments and questions from board members:

##### Comment: Cal eConnect's Goal

- The goal of Cal eConnect should be to help providers to reach meaningful use – we should focus our energy there but make sure we don't box ourselves into a dead end.
- We will translate the HIE Operational Plan into a working approach but make our own judgments about what is within scope and budget

##### Question: Is the Oct 2010 Go-Live Time Frame Realistic?

- We want to have full capability to support providers by next July (2011) – but if we can be up and running by Oct 2010, we extend the potential for users to achieve the meaningful use goal.
- It is important for us to keep the focus on meaningful use and HIE between providers.

##### Question: Is there a risk that ONC won't approve the Operational Plan and funding will be delayed?

- We expect a 6-week turnaround time for ONC to review the Operational Plan. Planning grant funds have already been released so that funding will not be delayed. Implementation grant funds are expected to be released in July.

Policy questions to be resolved:

- If someone receives information should they be obligated to give information?
- What is the patient's role? Who determines whether and how to share their information?

Comment: Cal eConnect has no obligation to build a Master Patient Index or registry of patients, this has been a topic of much debate.

Comment: If we pursue an open, transparent and inclusive process we can bring potential vendors along with participating stakeholders; this could be one of the most important things that we as the Board do.

### **Additional Projects Under Consideration**

SSA Project – an overview of the project was provided. There were concerns expressed regarding the feasibility of successfully implementing the project based on the funding available. In addition, board members were concerned that this would be a distraction from Cal eConnect's primary focus on support for providers to achieve meaningful use. The board wanted an opportunity to review the technical assessment that is in progress before making any final determination.

RHITC Project - an overview of the Rural Health Information Technology Consortium was provided. This was viewed as a potential opportunity to leverage funding and support for rural providers and be a first "proof of concept" to demonstrate the value of Cal eConnect.

### **Public Comment**

The meeting was open to comments from the public. Members of the public expressed the following:

- Reiterated the importance of work and expressed appreciation for the focus on meaningful use. FQHCs are looking forward to exchange information at the local level to improve overall care.
- Requested that Cal eConnect publish the presentation from the meeting
- Cal eConnect needs to put into place mechanisms to ensure that we are measuring and demonstrating success. We need to show what we are doing produces value .
- We need to insure that we can break down the silos and include systems that have been traditionally closed to outside entities.
- It will be important to have an ongoing communication and public engagement strategy

### **Closing**

The Board requested that more in-depth education on the Operational Plan and RHITC initiative be provided. Staff will set up webinars.

*Meeting Adjourned at 3:00 PM.*

BYLAWS  
OF  
CALIFORNIA eCONNECT, INC.  
A California Nonprofit Public Benefit Corporation  
*Draft – For Discussion Only – 04/07/10*

These are the Bylaws of the California eConnect, Inc., a California nonprofit public benefit corporation (the “Corporation”).

1. Purposes.

The Corporation and all of its business and other activities are to be operated and conducted in the promotion of its charitable purposes as specified in its Articles of Incorporation; and in the conduct of its affairs the management shall at all times be mindful of these charitable objects and purposes.

2. Members.

The Corporation shall have no members as defined in Section 5056 of the California Corporations Code.

3. Board Of Directors.

3.1 Powers. Subject to any limitations set forth in the Corporation’s Articles of Incorporation or under applicable laws, all powers of the Corporation shall be exercised by or under authority of, its property controlled and its affairs conducted and managed by, the Board of Directors (or “Board”).

3.2 Initial Board of Directors.

(a) Number of Initial Directors. The Corporation’s initial Board of Directors (the “Initial Board”) shall be composed of not less than nine (9) nor more than eighteen (18) Directors. The exact number of Directors, within such limits, shall be determined from time to time by the Initial Board. No reduction in the number of Directors serving on the Initial Board shall have the effect of removing any Director prior to the expiration of his or her term of office.

(b) Qualifications of Initial Directors. Each Director serving on the Initial Board shall be elected to serve in one (1) of the positions described as Positions E through U in Section 3.3(b) (Number and Qualifications of Directors).

(c) Term of Initial Board. The Initial Board shall remain in office until the first subsequent Board of Directors takes office as described in Section 3.3 (Subsequent Boards of Directors).

(d) Vacancies on Initial Board. Any vacancy on the Initial Board shall be filled by the Initial Board in accordance with Section 3.2(b) (Qualifications of Initial Directors).

(e) Construction and Interpretation. Except as provided otherwise in this Section 3.2 (Initial Board of Directors), the Initial Board shall be governed by the other Sections of this Section 3 (Board of Directors).

### 3.3 Subsequent Boards of Directors.

(a) First Board Following Initial Board. The first Board of Directors that shall follow the Initial Board shall take office upon the adoption of a resolution of the Initial Board providing therefor.

(b) Number and Qualifications of Directors. The Corporation's Board of Directors shall be composed of twenty two (22) members, including Elected Directors and Ex-Officio Directors (as defined below), each of whom shall serve in one of the positions specified below:

<u>Position</u>	<u>Selection and/or Qualifications</u>
A	The Secretary of California Health and Human Services or his or her designee
B	The Chair of the California Senate Committee on Health or his or her designee
C	The Chair of the California Assembly Committee on Health or his or her designee
D	A individual designated by the Secretary of California Health and Human Services or his or her designee and then serving as an administrator in an agency of the State of California
E	The individual then serving as the Chief Executive Officer of the Corporation
F	An individual then serving as the Co-Chair of the Corporation
G	An individual then serving as the Co-Chair of the Corporation
H	An individual who is a consumer of health care services
I	An individual who is a consumer of health care services and who has expertise in privacy and security of health information
J	An individual who is representative of an employer that pays for health care services provided to its employees
K	An individual engaged in the operation of a health information exchange organization
L	An individual engaged in the operation of a health information exchange organization
M	An individual engaged in the operation a commercial health plan

<u>Position</u>	<u>Selection and/or Qualifications</u>
N	An individual engaged in the operation of a public health plan
O	An individual engaged in the operation of a private hospital
P	An individual engaged in the operation of a public hospital
Q	An individual engaged in the representation of organized labor
R	A physician engaged in independent medical practice
S	A physician engaged in medical practice through a medical group
T	An officer of a local public health agency
U	An individual engaged in the operation of a safety net clinic

(c) Limitation on Number of Directors Who Are Government Employees.

Notwithstanding anything to the contrary in Section 3.3(b) (Number and Qualifications of Directors), a majority of the Directors serving on the Board shall be persons who are not employees of the State of California or any agency or political subdivision thereof.

(d) Ex-Officio Directors. The Directors serving in Positions A through E, inclusive, shall be designated as “Ex-Officio Directors.”

(e) Elected Directors. All Directors who are not Ex-Officio Directors shall be “Elected Directors.”

(f) Powers and Responsibilities. Ex-Officio Directors and Elected Directors shall each have the same voting rights, powers and responsibilities. In these Bylaws, the term “Director” shall be construed to refer to any Ex-Officio Director or Elected Director, unless the context specifically provides otherwise.

(g) Election of Directors. Elected Directors shall be elected by the Board of Directors at its annual Organization Meeting.

3.4 Terms of Office. An Ex-Officio Director’s term of office shall continue through and until the Director ceases to satisfy all the applicable qualifications for that position, as described in the resolution of the Board of Directors creating the position occupied by that Ex-Officio Director. An Elected Director’s term of office shall be two (2) years expiring at the annual Organization Meeting of the Board at which such Elected Director’s successor is elected, and shall continue until such successor has been qualified; provided, however, that the term of office of an Elected Director designated to fill a vacancy shall be as set forth in Section 3.5(a) (Elected Directors); and provided, further, that the terms of office of the first Board of Directors serving pursuant to Section 3.3 (Subsequent Boards of Directors) shall be staggered as follows: the initial term of office of approximately one-half (1/2) of the Elected Directors one (1) year, and the initial term of the remaining Elected Directors shall be two (2) years, and in each case until a successor has been designated and qualified. The staggering of terms shall be determined by lot. An Elected Director may be re-elected to serve any number of consecutive or non-consecutive terms.

### 3.5 Vacancies.

(a) Filling of Vacancies, Generally. All vacancies among the Directors shall be filled by the Board of Directors; provided, however, that a vacancy in the position of an Ex-Officio Director shall be filled in accordance with the qualifications for that position described in Section 3.3(b) (Number and Qualifications of Directors). Each Elected Director so designated to fill a vacancy shall hold office for the remainder of his or her predecessor's unexpired term and until the designation and qualification of his or her successor.

(b) Reductions in Number of Directors. No reduction in the number of Elected Directors shall have the effect of removing any Elected Director prior to the expiration of his or her term of office.

3.6 Interested Directors. Not more than forty nine percent (49%) of the persons serving on the Board of Directors, whether as an Ex-Officio Director or an Elected Director, at any time may be "interested persons." An "interested person" is: (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this Section 3.6 (Interested Directors) shall not affect the validity or enforceability of any transaction entered into by the Corporation.

3.7 Place of Meetings. All meetings of the Directors shall be held at the office of the Corporation in the State of California or at such other place as may be designated for that purpose from time to time by the Board of Directors.

3.8 Organization Meeting. An Organization Meeting of the Board of Directors shall be held during the month of June of each year, upon notice given in accordance with Section 3.11 (Notice of Meetings). At each Organization Meeting, Directors shall be elected to fill seats of Elected Directors whose terms are then expiring and Officers of the Corporation shall be elected.

3.9 Regular Meetings. The Board of Directors shall hold at least ten (10) regular meetings during each fiscal year of the Corporation, upon notice given in accordance with Section 3.11 (Notice of Meetings).

3.10 Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by either of the Co-Chairs or upon the request of four (4) of the Directors then in office, upon notice given in accordance with Section 3.11 (Notice of Meetings). The party calling such special meeting shall determine the date and time thereof. The Secretary shall issue notice of such special meeting in accordance with Section 3.11 (Notice of Meetings).

3.11 Notice of Meetings. Written notice of the time and place of any meeting of the Board of Directors shall be delivered personally to each Director or communicated to each Director by telephone, telegraph, facsimile, electronic mail message, or United States Mail, charges prepaid, addressed to the Director at the Director's address as it is shown upon the records of the Corporation or, if it is not so shown on such records or is not readily ascertainable, at the place at which the meetings of the Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail



at least fourteen (14) days prior to the time of the holding of the meeting. In case such notice is delivered, personally or by telephone, telegraph, facsimile or electronic mail message, it shall be so delivered at least forty eight (48) hours prior to the time of the holding of the meeting. Any such transmission of notice, as above provided, shall be due, legal and personal notice to such Director. As used herein, notice by telephone shall be deemed to include a voice messaging system or other system or technology designed to record and communicate messages to the recipient, including the recipient's designated voice mailbox or address on such a system. Notice of a meeting need not be given to any Director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes of the meeting, whether before or after the meeting, or who attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting

3.12 Quorum; Act of Directors. Unless a greater vote is required by the California Nonprofit Public Benefit Corporation Law, at all meetings of the Board of Directors one-half (1/2) of the number of Directors then in office, including at least one of the Co-Chairs, shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any time at which there is a quorum shall be the act of the Board of Directors. Notwithstanding the foregoing, a meeting at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of Directors, if any action is approved by a number of Directors equal to the required majority to fulfill the initial quorum of that meeting. Directors may not vote by proxy or participate or vote in any meeting through a delegate or other designee.

3.13 Action By Unanimous Written Consent. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

3.14 Participation in Meetings by Telephone or Electronic Communication. Each Director may participate in any meeting of the Board of Directors through the use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through the use of conference telephone pursuant to this Section 3.14 (Participation in Meeting by Telephone or Other Electronic Communication) constitutes presence in person at such meeting as long as all Directors participating in the meeting are able to hear one another. Participation in a meeting through the use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this 3.14 (Participation in Meeting by Telephone or Other Electronic Communication) constitutes presence in person at such meeting, if (i) each Director participating in the meeting can communicate with all of the other Directors concurrently, (ii) each Director is provided the means of participating in all matters before the Board of Directors, including without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation, and (iii) the Corporation adopts and implements a means of verifying that (A) a Person participating in the meeting is a Director or other Person entitled to participate in the meeting, and (B) all actions of, or votes by, the Board of Directors are taken or cast only by the Directors and not by Persons who are not Directors.

3.15 Removal of Directors for Cause. The Board, by a majority vote of the Directors present at any meeting of the Board of Directors at which a quorum is present, may declare vacant the office of

any Director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Article 3 of the California Nonprofit Public Benefit Corporation Law (dealing with standard of conduct of directors). In addition, unless excused by a Co-Chair or Secretary, any Director who is absent from three (3) consecutive Board of Directors meetings may be removed from office by a majority vote of the Directors then in office at a regular or special meeting of the Board of Directors at which a quorum is present.

3.16 Compensation of Directors. Unless otherwise determined by resolution of the Board of Directors, Directors shall serve without compensation by the Corporation for their services as a Director; provided, without limiting the foregoing, that the Board of Directors may adopt a policy pursuant to which the Corporation would pay reasonable compensation to Directors for their participation in meetings of the Board when such participation without compensation would cause hardship for such Directors. Notwithstanding the foregoing, Directors may receive reasonable reimbursement for expenses incurred in the performance of their responsibilities as Directors, if and to the extent fixed or determined by resolution of the Board of Directors. Notwithstanding the foregoing, in the event that any Director is compensated for his or her services to the Corporation, the amount of such compensation shall be reasonable and shall not exceed the fair market value for comparable services in the area.

3.17 Duality or Possible Conflict of Interest. No Director shall vote upon or otherwise use his or her personal influence to affect the outcome of any action by the Board of Directors with respect to any matter as to which such Director has any duality or possible conflict of interest. The Board of Directors shall adopt and maintain a statement of policy concerning Directors with any duality or possible conflict of interest. This statement of policy shall be reviewed annually and updated where necessary or appropriate to the end that Directors shall disclose and handle matters relating to duality or possible conflicts of interest in a manner that satisfies high legal and ethical standards.

#### 4. Officers.

4.1 Offices, Generally. The Corporation shall have the following officers of the Board of Directors: two (2) Co-Chairs of the Board, a President, and a Secretary. The Corporation shall also have the following Executive Officers: a Chief Executive Officer, a Chief Financial Officer, and such other officers as may be appointed by the Board of Directors. Each Executive Officer shall serve subject to and in accordance with the terms and conditions of a written employment or other engagement agreement between that individual and the Corporation.

4.2 Co-Chairs of the Board. The Co-Chairs of the Board ("Co-Chairs"), shall preside at all meetings of the Board of Directors, and shall exercise and perform such other powers and duties as may be from time to time assigned to them by the Board of Directors or prescribed by these Bylaws. No individual serving as a Co-Chair shall serve concurrently as the Secretary. In the event of the absence or disability of both of the Co-Chairs, the Secretary shall serve as acting Chair of the Board of Directors until such time as the Board of Directors elects a new Chair or Co-Chairs.

4.3 President. The President shall be the general manager and chief executive officer of the Corporation at any time that the Corporation does not have a Chief Executive Officer as described in Section 4.5 (Chief Executive Officer). The President shall also exercise and perform such other powers

and duties as may be from time to time assigned to the President by the Board of Directors or prescribed by these Bylaws.

4.4 Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may order, a book of minutes of actions taken at all meetings of the Board of Directors and committees, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, and the proceedings of such meetings. The Secretary shall give, or cause to be given, notice of all the meetings of the Board of Directors and of the committees and working groups required by these Bylaws or by law to be given, shall keep the seal of the Corporation (if any) in safe custody, and shall have such other powers and responsibilities as may be prescribed by the Board of Directors and these Bylaws.

4.5 Chief Executive Officer. The Chief Executive Officer shall, subject to the terms and conditions of the employment or other engagement agreement applicable thereto, exercise general supervision, direction, and control of the business and affairs of the Corporation. The Chief Executive Officer shall have the general powers and duties of management necessary to manage the operation of a corporation and shall have such other powers and responsibilities as may be prescribed by the Board of Directors and by these Bylaws. The individual serving as the Chief Executive Officer shall not serve concurrently as the Secretary or the Chief Financial Officer.

4.6 Chief Financial Officer. The Chief Financial Officer shall, subject to the terms and conditions of the employment or other engagement agreement applicable thereto, keep and maintain, or cause to be kept and maintained, adequate and correct books and records of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statement. The books of account shall be open to inspection by any Director at any reasonable time. The Chief Financial Officer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors, and shall disburse the funds of the Corporation as may be ordered by the Board of Directors. The Chief Financial Officer shall report directly to both the Chief Executive Officer and the Board of Directors. Without limiting the foregoing, the Chief Financial Officer shall render to the Chief Executive Officer and any of the Directors, whenever they request it, an account of all his transactions as Chief Financial Officer and of the financial condition, comparing approved budget line items to the receipts and expenditures for the current period, as well as the year to date.

4.7 Election of Officers; Removal and Replacement. The Corporation's officers of the Board of Directors shall be elected by the Board of Directors at its Annual Meeting, and shall serve until the next Annual Meeting of the Board and his or her successor is elected and qualifies to serve. An individual may be elected to serve any number of consecutive or non-consecutive terms as an officer of the Board of Directors. All officers of the Board of Directors shall serve at the pleasure of the Board of Directors, which may remove and replace any officer or all officers at any time with or without cause. The Corporation's Executive Officers shall serve, and be subject to removal and replacement, subject to and in accordance with the terms and conditions of the employment or other engagement agreement applicable thereto.

## 5. Committees and Working Groups.

5.1 Standing and Special Committees. The Corporation shall have such standing committees as the Board of Directors may from time to time establish. In addition, the Board of Directors may establish such special committees as it may determine to be appropriate.

5.2 Specified Committees. Without limiting Section 5.1 (Standing and Special Committees), the Corporation shall have the following standing committees: Executive Committee, Finance Committee, and Audit Committee.

(a) Executive Committee. The Executive Committee shall be composed of a number of Directors to be determined from time to time by the Board of Directors. The Executive Committee shall be authorized to exercise, between meetings of the Board of Directors, the powers of the Board of Directors, except for those powers described in Section 5.5 (Delegation of Authority). All members of the Executive Committee shall be Directors.

(b) Finance Committee. The Finance Committee shall be composed of a number of Directors to be determined from time to time by the Board of Directors. The Finance Committee shall prepare all budgets of the Corporation, study financial requirements for all projects and other activities of the Corporation, and review insurance programs, and shall perform such other responsibilities as may be given to the committee by the Board of Directors from time to time.

(c) Audit Committee. The Audit Committee shall be composed of a number of Directors and non-Directors to be determined from time to time by the Board of Directors, subject to the following limitations: (i) a majority of the members of the Audit Committee shall not consist of members of the Finance Committee; (ii) the chair of the Audit Committee shall not be a member of the Finance Committee; (iii) the Audit Committee shall not include any employee of the Corporation, including without limitation the President, the Chief Executive Officer or the Chief Financial Officer; (iv) the Audit Committee shall not include any person who has a material financial interest in any organization doing business with the Corporation or any person who does business with the Corporation; and (v) members of the Audit Committee who are not Directors shall not receive compensation from the Corporation that is in the aggregate greater than the compensation paid to Directors pursuant to Section 3.16 (Compensation of Directors). The Audit Committee shall (i) recommend to the Board of Directors the retention and, when appropriate, the termination of the independent certified public accountant to serve as auditor of the Corporation; (ii) negotiate the compensation of such auditor; (iii) confer with the auditor to satisfy the Audit Committee members that the financial affairs of the Corporation are in order; (iv) review and determine whether to accept each audit; (v) approve the performance of any non-audit services provided to the Corporation by the auditor or the auditor's firm; and (vi) perform such other responsibilities as may be given to the committee by the Board of Directors from time to time.

5.3 Working Groups. The Corporation shall have such working groups as the Board of Directors or its designee may from time to time determine to be appropriate.

5.4 Appointment of Members of Committees. Members of committees shall serve one (1) year terms, at the pleasure of the Board. All standing and special committees shall consist of three (3) or more Directors. No person who is not a Director may serve as a voting member on any committee that is authorized to exercise the powers of the Board of Directors. Any standing or special committee

must be created, and the members thereof appointed, by resolution adopted by a majority of the Directors then in office, provided that a quorum is present, and any such committee may be designated a “standing committee” or by such other name as the Board of Directors shall specify. The Board of Directors may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Co-Chairs shall designate one (1) member of each committee to serve as chair of such committee. The Board of Directors shall have the power to prescribe the manner in which the proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board of Directors or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of these Bylaws applicable to meetings and actions of the Board of Directors. Minutes shall be kept of each meeting of each committee.

5.5 Delegation of Authority. The Board of Directors shall be permitted to delegate to its standing and special committees any of the authority of the Board of Directors, except with respect to:

- (a) The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members;
- (b) The filling of vacancies on the Board of Directors or on any committee which has the authority of the Board of Directors;
- (c) The fixing of compensation of the Directors for serving on the Board of Directors or on any committee;
- (d) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (e) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (f) The appointment of other committees of the Board of Directors or the members thereof;
- (g) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; and
- (h) The approval of any self-dealing transaction, except as provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law or successor provision.

5.6 Appointment of Members of Working Groups. Members of working groups shall serve one (1) year terms, at the pleasure of the Board or the Board’s designee. All working groups shall consist of three (3) or more individuals selected by the Board or the Board’s designee. Individuals who serve on a working group may be Directors or non-Directors. The Co-Chairs or their designee shall designate one (1) or more member(s) of each working group to serve as chair(s) of such working group. The Board of Directors or the Board’s designee shall have the power to prescribe the manner in which the proceedings of any such working group shall be conducted. In the absence of any such prescription, such working group shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board of Directors, the Board’s designee or such working group shall otherwise

decide, the regular and special meetings and other actions of any such working group shall be governed by the provisions of these Bylaws applicable to meetings and actions of the Board of Directors. Minutes shall be kept of each meeting of each working group.

6. General Provisions.

6.1 Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness issued in the name of or payable to the Corporation, and any and all securities owned or held by the Corporation requiring signature for the transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

6.2 Execution of Contracts. The Board of Directors may authorize any officer(s) or agent(s) to enter into any contract, execute any contract, or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose or in any amount.

6.3 Fiscal Year. The fiscal year of the Corporation shall be as selected by the Board of Directors.

7. Indemnification. The Corporation shall indemnify agents of the Corporation as set forth in the Corporation's Articles of Incorporation.

8. Payments or Loans Made to Officers, Directors or Other Employees.

8.1 Authority to Make Loans. The Corporation shall not authorize any loan of money or property to or guarantee the obligation of any officer, Director or employee of the Corporation except in accordance with the provisions of Section 5236 of the Corporations Code. Any transaction which does not meet the requirements of Section 5236 shall be subject to Section 5237 of the Corporations Code.

8.2 Reimbursement to Corporation of Amounts Disavowed by Internal Revenue Service. Any payments heretofore or hereafter made to or for a Director, officer or employee of the Corporation such as salary, commission, bonus, interest, rent, loans, advances, entertainment expense incurred by him, or any other expenses deemed personal rather than corporate, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service or Franchise Tax Board shall be reimbursed by such person to the Corporation to the full extent of such disallowance.

8.3 Duty to Enforce Payment. It shall be the duty of the Directors, acting through the Board of Directors, to enforce payment of each such amount loaned or disallowed. In lieu of payment by such person, subject to the determination of the Directors, proportionate amounts may be withheld from his or her future compensation payments until the amount owed to the Corporation has been recovered.

9. Corporate Records and Reports

9.1 Records. The Corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties

and shall maintain minutes of the proceedings of the Board of Directors. All such books, records and accounts shall be kept at the Corporation's principal executive office in the State of California, as fixed by the Board of Directors from time to time.

9.2 Inspection of Books and Records. All books and records provided for in Section 6310 of the Corporations Code shall be open to inspection by the Directors from time to time and in the manner provided in said Section 6310 through 6313.

9.3 Certification and Inspection of Bylaws. The original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be kept at the Corporation's principal executive office and shall be open to inspection by the Directors, at all reasonable times during office hours, as provided in Section 5160 of the Corporations Code.

9.4 Annual Statement of General Information. Within ninety (90) days after the date of incorporation and annually thereafter, the Officers of the Corporation shall prepare and file with the California Secretary of State a statement setting forth the information as requested by the California Secretary of State.

9.5 Annual Report. The Board of Directors shall cause an annual report to be prepared and sent to all Directors and others to be designated by the Board of Directors no later than one hundred twenty (120) days after the close of the fiscal year. Such annual report shall be prepared in conformity with the requirements of the California Nonprofit Public Benefit Corporation Law now in effect and as it may hereafter be amended.

## 10. Amendments.

10.1 Amendment by Board. These Bylaws may be amended or repealed, and new Bylaws may be adopted, only by a vote of an affirmative majority of the Directors at a meeting at which a quorum initially is present.

10.2 Record of Amendments. Whenever a new Bylaw or amendment thereto is adopted, it shall be included in the Corporation's minute book with the original Bylaws. If any Bylaw or amendment thereto is repealed, the fact of repeal with the date of the meeting or action by written consent when said repeal was adopted shall be stated in a writing placed in the Corporation's minute book with the original Bylaws.

BYLAWS  
OF  
CALIFORNIA eCONNECT, INC.

A California Nonprofit Public Benefit Corporation

*Draft – For Discussion Only – 04/07/10*

Certificate of Secretary

The undersigned hereby certifies that he or she is the duly appointed and acting secretary of California eConnect, Inc., and that the foregoing Bylaws, consisting of twelve (12) pages (exclusive of any cover sheet, table of contents and this Certificate of Secretary) were duly adopted as of \_\_\_\_\_, 2010, and that they constitute the corporate Bylaws of said Corporation in effect as of this date.

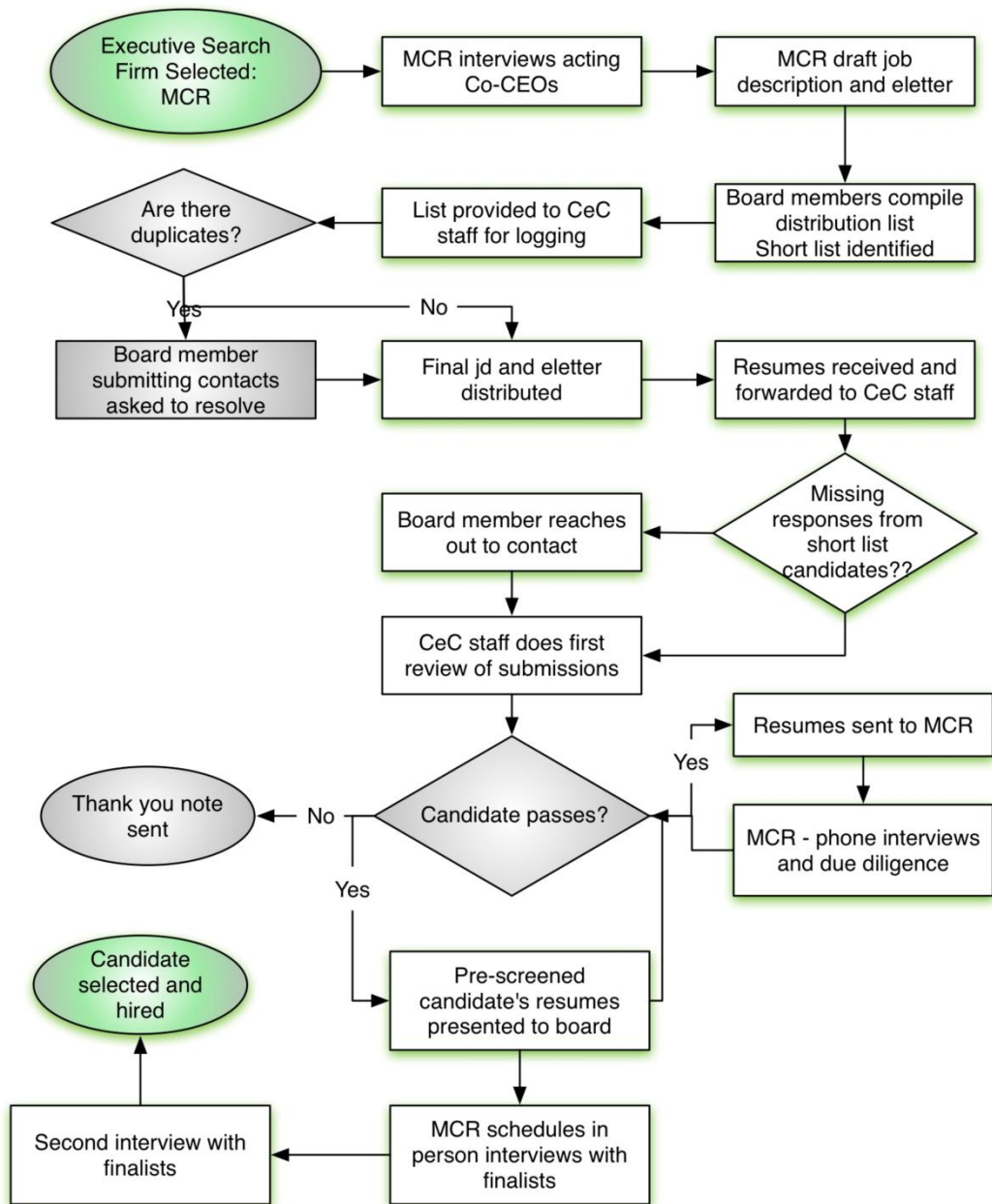
Dated: \_\_\_\_\_, 2010

\_\_\_\_\_  
Secretary



## Cal eConnect Executive Search Task List

Task	Party Responsible	Target Date (approximates)	Notes
Select executive search firm	Cal eConnect Staff	April 5, 2010	After competitive bid process Morgan Consulting Resources (MCR) is chosen.
Complete job description and eLetter for candidate search	MCR and Cal eConnect Co-CEOs	April 7, 2010	Interviews with staff and prior documents will be used to create a shorter more succinct JD and eLetter with a more full packet to be developed for release to select candidates.
JD and eLetter distributed to wide net of potential candidates or referral sources	Cal eConnect Board and staff	April 12, 2010	Requires name, email and phone number of recipients from board members.
Resumes received, logged and first review	Cal eConnect staff	April 12-26, 2010	Resumes can be forwarded from board members to Cal eConnect staff.
Review distribution list and resumes received and identify any missing resumes	Cal eConnect staff and Board	April 27, 2010	Board alerted if additional out-reach is required.
Resumes sent for review, phone interviews and due diligence	MCR	April 26, 2010	Due diligence is degree verification
Pre-screened candidates and resume packets presented to Board for further review	MCR and Cal eConnect Board	April 30, 2010	Board identifies which candidates are selected for in person interviews at PBGH office)
Finalists are selected and references checked as appropriate	MCR and Cal eConnect Board	May 3, 2010	Finalist interviews scheduled via phone or in person. There may be multiple rounds.
Candidate offered position and hired	MCR and Cal eConnect Board	May 16, 2010	Board approval required



## **Executive Recruiting eletter - DRAFT**

Dear

You've been selected as someone we want to reach out to regarding a CEO position in California's Healthcare IT system. Recently Governor Schwarzenegger and California Health and Human Services Agency (CHHS) Secretary Kim Belshé announced the state's intent to name Cal eConnect as a new non-profit entity that will provide leadership and oversee a collaborative process to develop and support the Health Information Exchange (HIE) services in California.

<http://www.ehealth.ca.gov/Governance/tabid/84/Default.aspx>

PGBH and CAPG have taken the lead for early stage development of Cal eConnect. The Board has been established with Don Crane, CEO for CAPG and David Lansky, CEO for PGBH as Co Chairs. We are actively recruiting the CEO to build and lead this initiative into the future. Cal eConnect will provide the infrastructure, governance and oversight to California's health providers and systems to get connected and achieve meaningful use. Cal eConnect has 90 days to put the initial structure in place, seat the board and be ready to receive and manage approximately \$38 Million in stimulus money for California.

The CEO we seek will have the opportunity to build a meaningful system and a sustainable business model that will impact on healthcare costs and quality in California. The CEO will be charged to staff, develop and operate an efficient organization to provide the governance, monitoring and oversight of the Federal Stimulus Grant with a broad goal to assist, through a variety of means, California Health Providers in meeting the timelines around achieving Meaningful Use.

The ideal candidate will be a high energy individual, politically savvy, with an excellent understanding of health care IT. S/He must have the interpersonal skills and strength of character to champion the benefits of connectivity. S/He will be adept at building and maintaining relationships with key constituents and stakeholders and have strong negotiating and consensus building skills. The position requires an astute business leader with the financial and leadership ability to develop business plans for the short term and beyond when the organization must achieve sustainability independent of government funding. The CEO must be sensitive to the complex nature of this business, be flexible, and be attuned to Federal and State regulations and changes from CMS to be successful. A position description is attached with more detail.

If you are interested in learning more, please send your resume/CV as soon as possible. We are on a fast track to get the CEO on board as soon as possible so that s/he will be able to participate in the early development of Cal eConnect. We've engaged Morgan Consulting Resources to assist us in this effort.

Sincerely,

## **Cal e-Connect Chief Executive Officer Position Description - DRAFT**

Position Title: CEO

Reports To: Board of Directors Co-Chairs

Location: Initially San Francisco Bay Area

### **Overview of Position**

The newly created position of CEO of Cal eConnect, the Health Information Exchange that will be the Governance Entity for the state of California will be engaged by the Board. The CEO will provide overall executive leadership, strategic direction and management during which time this new public-private partnership 501(c) non-profit is being established. This position reports to the Co-Chairs of the Board and is also accountable to the Board.

### **Traits and Characteristics**

The CEO should be a visionary, a strategic leader and public speaker who has a solid business grounding who can build a sustainable business model in uncharted territory. They need to be a highly energetic champion with the ability to listen, collaborate, generate excitement and be persuasive to get the job done in a positive manner. Successful candidates will have strong organizational, administrative and financial management skills, as well as a strong understanding of HIE. The CEO will be comfortable in a hands-on role and willing to do the essential tasks required to meet the goals of Cal e-Connect.

The successful candidate will be both technically and politically savvy. S/He needs to be of a “take charge” mind set while being passionate and sensitive to stakeholders and consumers. An entrepreneurial spirit that can develop a clear road map and at the same time be open to adjustments is essential. The CEO needs to be an interdisciplinary and creative thinker who can be innovative as well as pragmatic. S/He will be an open-minded, confident professional who enjoys exploring issues while also recognizing the ownership of ideas is less important than the result of the collaborative effort. The CEO will be an enabler and facilitator who will have the strength of character and conviction to work with a strong, engaged Board that is dedicated to this new and exciting endeavor.

Strong written and oral communication skills are critical to insure that the CEO will be effective and persuasive in presenting Cal e-Connect and its mission. The CEO will be equally adept at developing relationships with various types of groups and partners as well as with leaders engaged in the national conversation of Healthcare technology and change.

### **Essential Duties and Responsibilities**

- Lead and manage the development of Cal eConnect to become a robust provider of shared services among participating sites and a viable public-purpose operating enterprise that can be sustained by reliable funding and revenue sources.
- Ensure the transition to the Board is complete, including securing responses from all invited organizations and documenting the appointment of representatives to ensure all proposed organizations are actively represented.
- Refine an initial 90-day work plan and operating budget.

- Lead and facilitate the establishment of the new public-private partnership 501(c) non-profit governing entity. Support and coordinate efforts necessary for submission of applications to State and IRS for non-profit status.
- Finalize the Operational Plan. The plan should reflect the vision of Cal eConnect as outlined in Federal and State guidelines and current operational planning process.
- Facilitate the initiation of a business plan development process including determining options for funding, identifying prospective resources and expert consultants, technology procurements, and proposing an approach and timetable for completion.
- Refine a proposed work plan for 2010 based on the Operational Plan.
- Develop a transition plan outlining requirements, dependencies, approval processes, and time frames to transition California Health & Human Services operations to the new non-profit governing entity. Prepare proposed operating budget and staffing plan for 2010.
- Represent Cal eConnect at statewide and national meetings to advance partnership opportunities and meet Federal requirements.
- Work closely with CHHS, other State agencies and stakeholders to ensure synergy between Cal eConnect's mission and purpose and other initiatives to advance meaningful use of electronic health records and improved safe and secure access to patient health information.

#### **Qualification Requirements - Education and Experience**

- Extensive (minimum 7 years) leadership experience, preferably in public-private partnership organizations with operational functions deliverable products and/or services.
- Masters degree in Public Health, Healthcare Administration, Business Administration, Public Policy (or equivalent) strongly preferred.
- Demonstrated ability to lead, and manage major organization transitions and transformations (such as the transition and migration of the HIE-GE Operations Team and Board to a new non-profit governing entity).
- Demonstrated experience working with members of the State Administration and senior executives in industry and foundations.
- Technical acumen to understand the intersection between technology and healthcare, including the ability to understand and convey issues related to the value of eHealth investment.
- Healthcare leadership experience to propose and evaluate new models of service provisions and associate financing options, as well as have P&L responsibility.
- Demonstrated ability to perform efficiently under specified timeframes and with the highest-possible standards for quality work, including managing numerous tasks simultaneously.

#### **Physical Demands**

While performing the duties of this Job, the CEO is regularly required to sit, stand, walk, speak and hear. The position requires extensive computer use so the employee must have sufficient hand dexterity to use a computer keyboard and be capable of reading a computer screen. The employee must occasionally lift and/or move up to 20 pounds. Reasonable accommodations may be made to enable otherwise qualified individuals with disabilities to perform the essential functions.

**Travel**

The CEO must be able to travel to attend meetings and conferences throughout the state and nation, as well as attend regular meetings in Sacramento (California Health and Human Services Agency offices).

**Work Environment**

The office is currently located in San Francisco and will likely remain there until the end of the year. There is open dialogue underway about where the permanent office will be located.

**Compensation**

Salary is competitive and commensurate with experience.

Attachment 4 - see powerpoint presentation

SCOPE OF WORK – Exhibit A

ARTICLE I. DEFINITIONS, AS USED THROUGHOUT THIS AGREEMENT

- A. ARRA or the Recovery Act means the American Recovery and Reinvestment Act of 2009. This statute includes The Health Information Technology for Economic and Clinical Health Act of 2009 (the HITECH Act) that sets forth a plan for advancing the appropriate use of health information technology to improve quality of care and establish a foundation for health care reform.
- B. The term "Agreement" shall mean the Standard Agreement (Std.215), any Exhibits and all subsequent amendments.
- C. CalPSAB means the California Privacy and Security Advisory Board.
- D. CFR means the Code of Federal Regulations.
- E. "Grantee" or "Contractor" means the nonprofit entity to which funds are awarded under this Agreement and which is accountable to CHHS and the federal government for use of these funds.
- F. Electronic Health Record (EHR) means an electronic record of health-related information regarding an individual that conforms to nationally recognized interoperability standards and that can be created, managed, and consulted by authorized clinicians and staff across more than one health care organization.
- G. Health Information Exchange (HIE) means the electronic movement of health-related information among organizations according to nationally recognized standards. For purposes of this Agreement and program, organization is synonymous with healthcare providers, public health agencies, payors and entities offering patient engagement services (such as Patient Health Records).
- H. HHS means the federal Department of Health and Human Services.
- I. HIPAA means Health Insurance Portability and Accountability Act.
- J. NHIN means the National Health Information Network.
- K. OMB means the federal Office of Management and Budgets.
- L. ONC means the federal Office of the National Coordinator for Health Information Technology, housed in the federal Department of Health and Human Services.
- M. "State" and "Agency" mean the State of California and the California Health and Human Services Agency (CHHS). These terms may be used interchangeably.
- N. "Subcontractor" or "sub-recipient" means the entity awarded funds by grantee to provide services under this Agreement.

ARTICLE II. HIE COOPERATIVE AGREEMENT



- A. Grantee agrees to provide services, described in this Agreement, to the California Health and Human Services Agency (CHHS) to implement the “State Cooperative Agreements to Promote Health Information Technology” program, created as part of the American Recovery and Reinvestment Act of 2009 (ARRA, the HITECH Act). This Act sets forth a plan for advancing the appropriate use of health information technology to improve quality of care and establish a foundation for health care reform.
- B. Grantee shall provide services, and shall expend all funds received under this Agreement in accordance with this Agreement and any subsequent guidance, directives or changes issued by CHHS, and agreed to by both parties.
- C. This Agreement incorporates by reference the applicable terms and conditions contained in California’s Notice of Award – State Health Information Exchange Cooperative Agreement Program; Cooperative Agreement Number 90HT0029 — as those terms and conditions apply to the Grantee (or subcontractor). Some, but not all, of those federal conditions, including applicable policies, procedures and/or requirements, are reiterated in this Agreement. Reiterating the terms of the federal grant is for emphasis and does not in any way limit the effect of the grant provisions not set forth herein.
- D. CHHS and the Grantee acknowledge that this initial Agreement is, by design, more limited in scope and does not encompass all of the programmatic requirements of the Cooperative Agreement above. This Agreement is designed to fulfill initial planning and organizational readiness deliverables, after which a full agreement, or amendment(s) to this Agreement, may be executed, contingent in part upon securing needed ONC approvals.
- E. 

Corporate Status

  - 1. Grantee shall be a private non-profit corporation. Grantee shall be in good standing with the Secretary of State of California and shall maintain that status throughout the term of the Agreement.
  - 2. Failure of a corporation to maintain good standing with the Secretary of the State of California shall result in suspension or termination of this Agreement. Failure to maintain good standing by a subcontracting corporation shall result in suspension or termination of the subcontract agreement. The CHHS may reinstate this Agreement, and/or any subcontractor agreements, at its discretion if satisfactory status is restored.
- F. 

Agreement Authorization

  - 1. Grantee shall submit to CHHS an authorization by the its Board of Directors to execute this Agreement, referencing this Agreement number.
  - 2. Documentation in the form of a resolution, order, or motion by the Governing Board is required for the original and each subsequent amendment to this Agreement. This requirement may also be met by a single resolution, order, or

motion from the Governing Board of Grantee authorizing Grantee's designee to execute the original and all amendments to this Agreement.

- E. Reimbursement, during the term of this Agreement, shall be contingent upon Grantee's ability to meet the agreed upon project milestones, compliance with all applicable statutory and regulatory requirements, and demonstrated organizational capacity to accomplish the goals enumerated in this Agreement. Specific project milestones and specific metrics will be agreed upon which will be the basis for reimbursement of expenditures.
- F. CHHS may add grant award conditions to this Agreement after approval. Grantee acknowledges that as CHHS finalizes its Operational Plan to implement the HITECT Act; this may have an impact on this Agreement. Grantee also acknowledges that Section 3013(h) of the HITECH Act requires the Secretary of Health and Human Services (HHS) to complete annual evaluations of the activities conducted under this program, and implement improvements or changes as necessary. These evaluations will take into account necessary progress which needs to be made to assure HIE is sufficient to meet the HIE meaningful use criteria to be established by the Secretary through the rulemaking process. This Agreement may be amended in the future, as agreed to by both parties, in writing, to align its terms with the Operation Plan and/or any changes specified by ONC.
- G. Grantee shall not begin work in advance of receiving written notice that the Agreement is approved. Work performed in advance of approval may be considered as having been done at Grantee's risk and the State has no obligation to pay for work performed in advance of approval of the Agreement.
- H. The primary project representative during the term of this agreement will be:

Alex Kam  
Acting Director of CalOHII  
California Health and Human Services Agency  
(916) 263-0741  
akam@ohi.ca.gov

### ARTICLE III. PROGRAM OPERATIONS AND DELIVERABLES

- A. As appropriate to the initial Planning Phase of this Agreement, the Grantee shall convene a broad array of healthcare stakeholders, including hospitals, physicians, other providers, private sector representatives and other stakeholders to build trust in and support for a statewide or inter-state approach to HIE. As appropriate to this initial Planning Phase, the Grantee will:
  - 1. Develop proposed roles and responsibilities between parties in order to organize and oversee activities among stakeholders and across the state, regional and local jurisdictions.

2. Maintain an open, respectful, and transparent process for communication with all stakeholders. Such process shall move stakeholders towards timely consensus on key issues and decisions.
  3. Develop a model for a multi-stakeholder process to ensure HIE across state boundaries are in compliance with all applicable states' policies and laws.
- B. Ensure an effective model for HIE governance and accountability is in place.
1. In order to avoid any real or apparent conflict of interest, Grantee shall ensure organizational and functional separation exists between the governance functions of the Governance Entity (Grantee) and its operational functions, specifically between operating entities that are or may be involved in building and maintaining the health information exchange. CHHS reserves the right to request or conduct periodic internal reviews as may be necessary, and to require Grantee to report on any issues resulting from this required separation, in order to ensure that the Grantee maintains this separation, and operates in a manner that ensures organizational integrity and accountability.
  2. Grantee shall have a diverse Governing Board composed of multiple types of organizations from multiple regions throughout the State. The Board shall include: the Secretary of CHHS, the Deputy Secretary of HIT, representative from the Senate and the Assembly, as required by State law, and others deemed necessary by the Secretary of CHHS as voting members of the Board.
- C. Grantee shall comply with applicable provisions of the federal HITECH Act, commencing at Section 3013 of Title XXX of the Public Health Service Act, and applicable federal policies, guidance and requirements. These provisions include but are not limited to the requirement that funds be used to conduct activities to facilitate and expand the electronic movement and use of health information among organizations according to nationally recognized standards through activities that include, but are not limited to:
1. Identifying State or local resources available towards a nationwide effort to promote health information technology;
  2. Complementing other Federal grants, programs, and efforts toward the promotion of health information technology;
  3. Developing plans that will assisting patients in utilizing health information technology;
  4. Developing plans for use of quality improvement measurement and reporting;
  5. Developing plans that will supporting public health agencies' authorized use of and access to electronic health information;
  6. Implementing other activities and developing plans which support developing HIE capability and demonstrating progress across the five essential domains specified by ONC; namely, Governance, Finance, Technical Infrastructure, Business and Technical Operations, and Legal/Policy.
  7. Participating as necessary in federal HIE Forum and Leadership Training or other necessary federal forums.
- D. In order to be prepared to begin the Implementation Phase of this Cooperative Agreement, Grantee will develop a detailed Implementation Plan, including specific

tasks and resources, necessary to carry out the recommendations included in the Operational Plan. This will include activities such as:

1. Performing focused planning activities necessary to gather the necessary data and develop the necessary advance planning documents, models and plans which will enable the Grantee to execute the broader goals of the Cooperative Agreement after the term of this initial Agreement.
  2. Developing detailed work plans and an initial Communications Plan.
  3. Establishing a strategy around Meaningful Use.
  4. Establishing a model that defines the technical architecture for services recommended in the Operational Plan.
  5. Determining how to most effectively engage stakeholders, currently and under an anticipated Agreement for the Implementation Phase of the project.
  6. Assisting CHHS in responding to issues raised by ONC on CHHS' Operational Plan and adapting, as appropriate, the Implementation Plan to be responsive to these issues.
- E. Establishing the necessary Cal eConnect internal infrastructure in order to meet legal and regulatory criteria. This includes activities such as:
1. Establishing the bylaws of Cal eConnect.
  2. Developing necessary internal administrative and programmatic policies and procedures, including procedures for procurement, conflict of interest, hiring policies and procedures, and data security.
  3. Developing necessary internal fiscal control procedures including controls which will be necessary if the Grantee expands and assumes other work which is not specifically part of this Agreement.
  4. Fully hiring necessary individuals in the organization, including external consultants and subcontractors, and defining roles and responsibilities and organizational relationships and processes.
  5. Establishing necessary internal mechanisms, policies and procedures to ensure compliance with the terms and conditions of this and subsequent grant agreements.
  6. Defining the Grantee's business model based on the current and potential services to be provided and the current and anticipated revenue and costs.
- F. Rationalize existing committees and workgroups, and prepare to fully transition their activities to the Grantee. This includes reviewing the technical, finance, patient engagement and vulnerable populations work group.
- G. Developing for prior approval a more detailed actionable work plan which encompasses the elements in this Article and which can be used by CHHS to both measure progress and approve deliverables and payments.

#### ARTICLE IV. MONITORING, ASSESSMENT, AND EVALUATION

- A. Grantee is responsible for managing the day-to-day operation of this Agreement and any subcontract or sub-grant supported activities. The Grantee shall not delegate or contract these responsibilities to any other entity. Grantee must monitor to ensure

compliance with applicable federal requirements and to ensure that performance goals are being achieved. Grantee monitoring must cover each program, function or activity

- B. The Grantee will be subject to comprehensive monitoring, review and oversight by CHHS, ONC and their designated representatives. This review includes but is not limited to the following:
  - 1. A review and evaluation of Grantee's performance in relation to agreed upon deliverables and goals;
  - 2. Evaluation of expenditures against budgeted costs;
  - 3. As applicable in this Planning Phase, Grantee's use of tools necessary to track and maintain project information expected to be required for CHHS to conduct a self-evaluation of the project and to inform a national program-level evaluation.
- C. CHHS will conduct the monitoring and evaluation through required semi-annual reports and as well as onsite visits. CHHS reserves the right to require Grantee to implement a corrective action plan that identifies specific action and timeframes to address any deficiencies identified through program compliance monitoring and evaluation activities. This oversight will include, but not be limited to: onsite monitoring, performance reporting, review and evaluation of status and progress reports, review of expenditures and deliverables (projected versus delivered), and evaluation as part of the coordinated State and national program evaluation, as specified below.
- D. CHHS and the Grantee will work jointly together to define the details of the evaluation process as part of the Operational Plan. At a minimum, the evaluation process will include:
  - 1. Continuous evaluation, reassessment and revision of the State Strategic and Operational Plans.
  - 2. An annual evaluation that will be coordinated with the national program evaluation.
  - 3. Completion of all reporting requirements by CHHS and the Grantee, using performance metrics, specified by ONC and the State HIE Cooperative Agreement, plus fulfilling additional reporting requirements identified during the development of the Operational Plan.
  - 4. Coordination activities with the national program evaluation and use of technical assistance from ONC for the California evaluation.
  - 5. Grantee shall actively participate in all required fiscal and program compliance monitoring, and evaluation. This includes, but is not limited to, a review and evaluation of Grantee's performance in relation to goals and program expenditures and participation in activities and use of tools necessary to track and maintain project information expected to be required for CHHS to conduct a self-evaluation of the project and to inform a national program-level evaluation. CHHS will conduct the monitoring and evaluation through required semi-annual reports and as well as onsite visits. CHHS reserves the right to require Grantee to implement a corrective action plan that identifies specific action and timeframes to address any deficiencies identified through program compliance monitoring and evaluation activities.

- E. Authorized State representatives shall have the right to monitor, assess, and evaluate Grantee's performance pursuant to this Agreement. This monitoring, assessment, and evaluation may include, but is not limited to, audits, and inspections of project premises, as appropriate, and interviews of project staff and subcontractors.
- F. Grantee shall cooperate with the monitoring, assessment, and evaluation processes, which includes making any program, and administrative staff available during any scheduled process.

#### ARTICLE V. STATE ADVISORY GROUPS

The Secretary of CHHS may also convene an Advisory Committee to advise the work of the HIE Governance Entity (Grantee). Grantee will work cooperatively with any such committee and other State sponsored committees, boards, departments and agencies in the conduct of all business.

#### ARTICLE VI. PERFORMANCE REPORTING

- A. Federal performance reporting requirements (found at 45 CFR Part 92) are placed on CHHS. Annual reports by CHHS to ONC are due 90 days after the grant year, and semi-annual reports are due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support. If a justified request is submitted by CHHS, ONC agency may extend the due date for any performance report. Additionally, requirements for unnecessary performance reports may be waived by the Federal agency. These federal reporting requirements and any additional similar requirements are hereby incorporated and applied to the Grantee, to the extent that CHHS requires information from the Grantee in order to meet these requirements.
- B. Grantee shall submit performance reports to CHHS in the manner, frequency and format specified by CHHS, which will allow CHHS to meet its federal reporting responsibilities. CHHS may waive any performance report when not needed. CHHS may extend the due date for any performance report if CHHS determines it will still be able to meet its performance reporting obligations to ONC. Performance reports will include, but not be limited to, information on at least the following:
  - 1. A comparison of actual accomplishments to the objectives established for the period. Where the output of the project can be quantified, a computation of the cost per unit of output may be required.
  - 2. The reasons for slippage if established objectives were not met.
  - 3. Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
- C. Events may occur between the scheduled performance reporting dates, which have significant impact upon grant activities or sub-grant supported activities. In such cases, the Grantee shall inform the CHHS as soon as the following types of conditions become known:

1. Problems, delays, or adverse conditions, which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
  2. Favorable developments, which enable meeting time schedules and objectives sooner or at less cost than anticipated, or producing more beneficial results than originally planned.
- D. Grantee shall submit other written reports, in a format, manner and frequency prescribed by the CHHS, which may include but not be limited to: (1) progress and status reports, (2) financial reports, (3) annual and final close out (financial status) reports, (4) management information reports, and (5) ad hoc and special reports.
- E. As part of the financial reporting requirements, Grantee will be required to detail expenditure information that reflects spending on developing a statewide governance and policy framework and developing HIE capacity statewide.

Deliverable/milestone	Section	Payment	Amount
<b>Phase One</b>		20%	\$132,000
Stakeholder analysis	III – A and D		
Governance – establish organization <ul style="list-style-type: none"> <li>• ByLaw</li> <li>• Articles of Incorporation</li> <li>• Federal ID Number</li> <li>• Duns Number</li> <li>• Bank Account</li> <li>• Full board candidates identified</li> </ul>	III – B and E		
<b>Phase Two</b>		55%	\$363,000
Governance – full board seated	III - B		
Complete needs assessment and develop plan to address: <ul style="list-style-type: none"> <li>• HIE gap assessment</li> <li>• RHITC</li> <li>• Patient Engagement Plan</li> <li>• Plan for use of performance measurement/reporting</li> <li>• Plan for public health use of data</li> </ul>	III - C		
Implementation plan components <ul style="list-style-type: none"> <li>• Communication and stakeholder engagement plan</li> <li>• Meaningful use strategy</li> <li>• Technical Architecture definition/model</li> <li>• Privacy and security policies</li> </ul>	III- D		

Establish business infrastructure <ul style="list-style-type: none"> <li>• Administrative policies/procedures               <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Conflict of interest</li> <li>• HR</li> <li>• Data security</li> </ul> </li> <li>• Procurement plan/Grant management</li> <li>• Accounting systems</li> <li>• Hire CEO</li> <li>• Staffing and Resource plan</li> <li>• Business Model</li> </ul>	III - E		
<b>Phase Three</b>		25%	\$165,000
Transition existing committees and workgroups	III - F		
Full implementation plan and budget	III - G		
Monitoring and evaluation process defined	IV		
Implementation Grant submission			



Summary of Proposed Resource Sharing Agreement Between  
Cal eConnect and the Pacific Business Group on Health (PBGH)

---

Goal: Cal eConnect proposes to contract with PBGH for a period up to 12/31/2010 to incubate Cal eConnect until such a time that Cal eConnect has hired staffing and procured facilities to become independent. PBGH will provide staffing and other resources to manage the process and development of the Implementation Plan for executing on the Operational Plan and to support the development of Cal eConnect as a viable business organization.

Why PBGH?: PBGH has demonstrated success at incubating new multi-stakeholder organizations and initiatives including the California Cooperative Healthcare Reporting Initiative (CCHRI) and the California Quality Collaborative (CQC). PBGH has the staff and processes in place to support development of Cal eConnect. The following staff will be allocated to Cal eConnect based on the organization's specific needs and deliverables.

- Leesa Tori, Project Director, overall responsibility over coordination and management of all resources
  - Cathie Markow, Senior Manager, responsible for managing the governance and organization building functions
  - Charlie Quaid, Controller, Acting Cal eConnect CFO
  - Chris Forbes, Accountant, supporting the accounting needs
  - Violetta Pantelone, Administrative Assistant, meeting coordination support
  - Lydia Walker, IT and website support
  - Karen Hunt, Communications Director, (contractor) development of the communication and stakeholder engagement plans, branding and website development.
  - 4 Interns, support planning and stakeholder outreach
- 
- David Lansky will function as interim Co-CEO - his time will be provided as in-kind support.

Specific Deliverables: PBGH will provide staff as described above as well as facilities and supporting resources needed to develop the Implementation Plan and build Cal eConnect as an independent organization.

Proposed Funding: \$299,200 for the 12 week planning period as follows: \$144,000 shared personnel salary and benefits, \$66,200 contractors, \$89,000 overhead. Resources needed beyond June will be addressed separately

Summary of Proposed Agreement Between  
Cal eConnect and the California eHealth Collaborative (CAeHC)

---

Goal: Cal eConnect proposes to contract with CAeHC for 12 weeks to help develop critical elements of the Implementation Plan relating to technical architecture, provision of HIE services and development of a finance and sustainability model.

Why CAeHC?: CAeHC offers a number of respected HIE subject-matter experts that were involved in the development of the Operational Plan and therefore can provide a seamless transition to developing the requirements for the Implementation Plan. They offer a depth of expertise in the technical architecture of HIE in addition to business operations, finance and community engagement. Some of these individuals would include:

- Rim Cothren (co-chair of the Technical Working Group (TWG))
- Lori Hack (program liaison for the California Privacy and Security Board)
- Laura Landry (co-chair of the Technical Advisory Committee (TAC))
- Walter Sujansky (consultant to the TWG and TAC)

Instead of bidding separate contracts with each of these individuals, CAeHC offers a single point of contact and management under their CEO Kathy Tavitian along with supporting staff.

Specific Deliverables: CAeHC would have primary responsibility for the following deliverables as part of the planning grant. They will report to Project Manager Alana Ketchel.

- HIE Market Assessment and Gap Analysis
- Detailed Project Plan for Year 1 and High-level Year 2-4 Workplan with Narrative Summary (Includes Staffing and Resource Plan for 4 Year Period)
- Definition of Shared Services and Technical Architecture and Technical Specifications for Vendor RFPs

In addition to these major deliverables, CAeHC will support Cal eConnect in developing its overall strategy, in completing budget documents and an approach to sustainability, in documenting the privacy and security deliverables strategy, and in developing the future workgroup structure.

Proposed Funding: \$145,000 for the 12 week period.

## **Attachment 8**

RESOLVED: the Executive Committee of the Board is hereby authorized and directed, on behalf of the Corporation,

A. to negotiate and finalize with the appropriate parties, in the Executive Committee's discretion, the following agreements:

1. one or more agreements and ancillary documents with the State of California and its subdivisions for purposes of implementing the award to the State by the federal Department of Health and Human Services of an HIE Cooperative Program Agreement by designating the Corporation as the "state designated entity" thereunder and providing funding to the Corporation in support of its activities as such state designated entity and for purposes related thereto; and

2. any number of agreements and purchase orders with suppliers and vendors to the Corporation selected by the Executive Committee in its discretion to provide goods and services necessary and proper to support the performance of the Corporation's obligations as the state designated entity and otherwise to carry out the business operations of the Corporation in the ordinary course;

B. to designate and authorize such officers of the Corporation as the executive committee determines appropriate in its discretion to execute such agreements and other documents on behalf of the Corporation.

RESOLVED FURTHER: The actions and omissions to act of the Executive Committee and the officers so designated in furtherance of the foregoing resolution are ratified and approved in all respects.